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This executive summary is excerpted from the 2005 (Fall 2004 Update) Country Commercial Guide for Morocco. The full text of the report is also available on this website.

This Country Commercial Guide (CCG) presents a comprehensive look at Morocco's commercial environment using economic, political and market analysis. The Country Commercial Guides were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. government agencies.

## **CHAPTER 1: EXECUTIVE SUMMARY**

Morocco signed a free trade agreement with the U.S. on June 15, 2004, over two hundred years after being the first country to recognize the U.S. as an independent nation. The U.S.-Moroccan Free Trade Agreement (FTA) is one of the most comprehensive FTAs that the U.S. has ever negotiated. The FTA is expected to be approved by the Moroccan parliament by the end of 2004. Morocco is the second Arab and first African nation to have an FTA with the U.S.

In addition to opening Moroccan markets to greater American exports by eliminating tariffs on 95 percent of all bilateral consumer and industrial exports on the day it comes into force, the FTA will level the playing field with European competition and provide assurance for U.S. investors. Moroccan officials anticipate that the FTA will be a catalyst to accelerate and deepen the economic reform process by allowing greater competition and the formation of international partnerships in key sectors such as insurance and banking and by greatly liberalizing the Moroccan textile and agricultural tariff structures.

Morocco is now steadily progressing internally toward greater modernization and globalization, with the creation of the country's first commercial courts, new streamlined customs departments and 16 new Regional Investment Centers dedicated solely to facilitating new business ventures. A new comprehensive labor code protecting both the employer and employee was passed in July 2003. In addition to calling for a more transparent judicial system and stricter accounting standards, the FTA also provides a high level of intellectual property protection, consistent with the standards set by U.S. law. This includes state-of-the-art protections for trademarks and digital copyrights, expanded protection for patents and product approval information and tough penalties for piracy and counterfeiting.

There are already 120 American businesses operating in Morocco who have invested \$600 million and have created 90,000 direct and indirect jobs. Taking advantage of Morocco's 11 million person workforce, American manufacturers are expected to follow the lead of Fruit of the Loom and The Gap and begin producing popular American textiles in Morocco boosting its \$45 billion GDP and \$1,492 average per capita GDP.

The greatest challenge for Morocco and international investors lies in providing effective education and job training.

Mohamed VI, the King of Morocco, is committed to a broad program of political, economic and social reform, and to remaining a strong partner in the international struggle against terrorism. Morocco held successful nationwide parliamentary elections in fall 2002 and local elections in fall 2003. Thirty-five Moroccan women are now present in Parliament. The economic impact of the May 16, 2003 terrorist bombing in Casablanca on Morocco's international investment and tourism sectors was minor.

According to the Central Bank of Morocco, the number of tourists in 2003 was 2.224 millions, a very slight increase from 2,222 million in 2002. In the first seven months of 2004, there were 3.16 million tourists, a jump of 19% according to the Ministry of Tourism. Morocco has an ambitious project to attract 10 million tourists by 2010 in order to reduce its 23% unemployment rate (11.69% according to the Moroccan government).

According to 2002 statistics, nineteen per cent of the Moroccan population lives below the UNDP poverty line.

Strategically located along the Straits of Gibraltar just seven hours from JFK and three hours from Paris, Morocco is seen more and more as a regional hub for transportation, transit, and business. Morocco's moderate Mediterranean climate on 2,750 miles (3,500 km) of coastline and its developing infrastructure make it an increasingly strategic and attractive location for business. The March 1, 2002 EU Association Agreement has spurred manufacturing development in Morocco, an activity that will be heightened when the U.S. and Morocco ratify their agreement. Most importantly, with a literacy rate of 52%, Morocco will rely on these key trade agreements to stimulate the economic growth and to foster the job creation necessary to facilitate social and educational reform.

Thanks to adequate and well-spread rainfalls, Morocco recorded a bumper crop in 2003- 2004. But, as a country the size of California, with only 20.12% arable land, there is still substantial potential for expanded U.S. agricultural imports.

The U.S. Trade and Development Agency (TDA) continues to make significant contributions to Morocco. In 2003, TDA funded a feasibility study for the future Casablanca Convention Center. If built, this complex would have the potential to attract millions of dollars in tourist revenue and promises to make Casablanca a regional and international convention hub.

The U.S. Commercial Service has identified the following sectors as best prospects for U.S. firms: 1) Wastewater treatment, 2) Tourism infrastructure, equipment and services, 3) Housing and construction, 4) Engineering and Consulting, 5) Environmental equipment and services, 6) Seawater desalination, 7) Telecommunications equipment and services, 8) Airport/Aviation equipment and services, 9) Food processing and packaging and 10) Renewable energy. At the top of the Foreign Agriculture Service's best prospects list are: 1) Wheat, including durum, 2) Feed grains, 3) Oilseeds and products and 4) Dried fruits and nuts.

Sources Include:

CIA Factbook March 2003

American Chamber of Commerce in Morocco

State Department Fact Book July 2003

**Please Note:** Country Commercial Guides are available to U.S. exporters on the website: <http://www.export.gov>. They can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS.

U.S. exporters seeking further recommendations for trade promotion opportunities in Morocco and country-specific commercial information may also wish to visit the website of the U.S. Commercial Service in Morocco at [www.buyusa.gov/morocco](http://www.buyusa.gov/morocco).

Travelers may wish to obtain the most recent travel advisory from the U.S. Department of State at [www.state.gov](http://www.state.gov)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** of the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to one of the following websites: [www.usatrade.gov](http://www.usatrade.gov) or [www.tradeinfo.doc.gov](http://www.tradeinfo.doc.gov)

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